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World Production and Trade

United States
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Foreign
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Washington, D.C. 20250

Weekly
Roundup

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

Larger Tunisian Imports Likely To Result in Increased U.S. Wheat Sales. The United States could make additional grain sales, particularly of wheat, to Tunisia due to a severe drought that is threatening production of grains to be harvested in May and June, according to the U.S. agricultural trade officer in Tunis. Tunisia's wheat imports in 1986/87 (July-June) could climb as high as 1.2 million metric tons, almost triple estimated wheat imports for 1985/86. Corn and barley imports also are expected to increase. The United States traditionally supplies roughly half of Tunisia's 750,000-ton average annual wheat import requirement. Depending on the severity and duration of the drought, U.S. wheat exports to Tunisia in 1986/87 could be much higher.

Canada and Iraq Sign New Wheat Agreement. Canada and Iraq have signed a new wheat agreement designed to make Canadian bread-quality wheat more attractive in the Iraqi wheat market. The new agreement calls for 500,000 tons of wheat trade a year with three-year credit terms, versus the old agreement for 400,000 a year on two-year credit. Canadian wheat exports to Iraq have averaged about 600,000 tons a year in recent years. Australia also has a agreement with Iraq that requires a total of at least 6 million tons of wheat trade over the next five years with not less than 800,000 tons in any given year. During the past few years, the United States has supplied the remaining third of the 2.6 million tons of wheat Iraq imports annually.

Philippines Imports Australian Feed Wheat, May Resume Corn Imports. In a break from the previous administration's prohibition on imports of corn and feed wheat, the U.S. agricultural counselor in Manila reports that the new government apparently has approved an application to import 25,000 tons of Australian feed wheat. Despite chronic feed shortages, feed grain imports had been prohibited by the previous administration in order to encourage domestic corn production. If the decision marks a permanent shift in import policy, it could provide opportunities for U.S. corn sales. Recent reports estimate that the Philippines could import at least 50,000 tons of corn by July 1986. Prior to 1984, the United States supplied about 70 percent of the Philippines' average annual corn import requirements of 300,000 tons.

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OILSEEDS AND PRODUCTS

Malaysia's Palm Oil Production Headed for New Record High. Palm oil production in Malaysia for 1985/86 is forecast at a record 4.5 million tons, according to the U.S. agricultural attache in Kuala Lumpur. Production through the first four months of the October-September (1985/86) year was 1.8 million tons, up 427,000 tons or 30 percent from the same time period in 1984/85. Palm oil production for 1986/87 is forecast at 4.8 million tons. The increase for next season is based on an expected additional 60,000-70,000 hectares of oil palms which will reach productive age. Average yields are forecast to increase to 4.8 tons per hectare from the low of 4.2 tons per hectare in 1983 when yield was severely affected by drought.

India's Vegetable Oil Import Forecasts Lowered. Reductions in the amount of imported vegetable oils permitted in vanaspati suggest India will import only 640,000 tons of palm oil, 250,000 tons of soybean oil and 175,000 tons of rapeseed oil in 1985/86, according to the U.S. agricultural counselor in New Delhi. In total, this is 210,000 tons lower than the previous forecast. Currently, vanaspati can contain only 30 percent of imported vegetable oils.

DAIRY, LIVESTOCK AND POULTRY

Summaries of World Poultry and Egg Production and World Livestock Numbers and Red Meat Production scheduled for release today have been postponed until March 12.

Yugoslavia's Poultry Output Edges Down. Poultry meat production in Yugoslavia during 1985 is estimated at 305,000 tons, down 2 percent from 1984, according to the U.S. agricultural counselor in Belgrade. Production in 1986 is expected to decline again. Production is off because of high prices for domestic corn, the need to import high protein feeds and a lack of buoyancy in the export market.

Brazil's Broiler Output Up; Exports Down. Brazil's broiler production for 1985 is estimated at 1.49 million tons, nearly 10 percent above a year earlier, according to the U.S. agricultural counselor in Brasilia. Output rose as a result of stronger demand due to higher real wages for Brazilian workers and to higher prices for competitive meats. Exports were reported to have declined in 1985 due largely to competition from France.

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COTTON

U.S. Cotton Exports Stall. U.S. monthly cotton exports continue to defy normal trends, falling to 187,000 bales in January, the smallest monthly level in recent years. January exports totaled 811,000 bales last season and averaged 646,000 during 1980-84. Japan and South Korea were the principal destinations for U.S. cotton exports. U.S. exports are expected to improve during the 1986/87 season when the new farm legislation allows U.S. cotton to become price competitive in world markets.

TOBACCO

Hong Kong Raises Duty on Tobacco Imports. Hong Kong recently raised import duties on a number of products, including unmanufactured tobacco and bulk manufactured tobacco, according to the U.S. agricultural office there. For these tobacco products, the import duty was raised from HK\$170 per kilogram (US\$21.79) to HK\$190 per kilogram (US\$24.36). As a result, prices for locally produced cigarette brands may go up approximately HK\$0.30 (US\$0.04) per pack. The duty increase should not have a substantial effect on U.S. unmanufactured tobacco exports, which have been increasing steadily over the past five years, rising to \$30.5 million in 1985.

Japan Sees Introduction of Several "Light" Cigarettes. Following a three-month test in Japan, a major U.S. cigarette manufacturer has announced it will begin nationwide distribution of a "light" cigarette beginning April 1. The U.S. manufacturer will be facing strong competition from Japan's cigarette company, Japan Tobacco Industry (JTI). JTI has countered with the introduction of "light" versions of their very popular "Peace" and "Seven Star" brands. When sales begin nationwide, the U.S. brand may face distribution obstacles as JTI salesmen pressure retailers to sell "Peace Lights" since JTI remains the sole source of Japan's most popular brands.

SUGAR

Dominican Republic's Sugar Production Declines. The Dominican Republic's sugar production for the 1985/86 season is forecast at 800,000 tons, according to the U.S. agricultural attache in Santo Domingo. The revised forecast is 18 percent less than last season and 9 percent less than the forecast last November of 875,000 tons. Labor and financial problems and the late start of the harvest are the reasons for the reduction.

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Selected International Prices

Item	March 11, 1986	Change from a week ago	A year ago
ROTTERDAM PRICES 1/			
Wheat:			
Canadian No. 1 CWRS-13.5%.	N.Q.	--	182.00
U.S. No. 2 DNS/NS: 14%.10/	160.50	4.37	165.00
U.S. No. 2 S.R.W.11/	119.00	3.24	159.00
U.S. No. 3 H.A.D.....10/	159.00	4.33	176.50
Canadian No. 1 A: Durum...	N.Q.	--	189.00
Feed grains:			
U.S. No. 3 Yellow Corn....	111.50	2.83	133.00
Soybeans and meal:			
U.S. No. 2 Yellow.....	218.20	5.94	238.75
Brazil 47/48% SoyaPellets	200.00	--	149.70
U.S. 44% Soybean Meal....	194.00	--	152.00
U.S. FARM PRICES 3/			
Wheat.....	114.63	3.12	123.45
Barley.....	N.Q.	N.Q.	77.62
Corn.....	88.58	2.25	104.72
Sorghum.....	78.70	3.57 2/	93.70
Broilers.....	1121.48	--	1141.54
EC IMPORT LEVIES			
Wheat 5/.....	157.40	4.28	43.65
Barley.....	147.05	3.20	46.65
Corn.....	141.60	3.60	43.30
Sorghum.....	149.55	3.80	55.25
Broilers 4/ 6/ 8/.....	312.00	--	146.00
EC INTERVENTION PRICES 7/ 9/			
Common wheat(feed quality)	190.15	5.17	134.65
Bread wheat (min. quality)	202.05	5.50	143.10
Barley and all other feed grains.....	190.15	--	134.65
Broilers 4/ 6/.....	1382.00	--	973.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	N.A.	N.A.	14.35
Barley.....	N.A.	N.A.	27.10
Broilers 4/ 6/ 8/.....	228.00	--	86.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ April/May shipment. 11/ June shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis April delivery.